

ORDER FOR SUPPLIES OR SERVICES										PAGE 1 OF 16	
1. CONTRACT PURCH ORDER/AGREEMENT NO. W56HZV-05-G-0005			2. DELIVERY ORDER/CALL NO. 0020		3. DATE OF ORDER/CALL (YYYYMMDD) 2007JUN29		4. REQUISITION/PURCH REQUEST NO. SEE SCHEDULE		5. PRIORITY DOA4		
6. ISSUED BY U.S. ARMY TACOM LCMC AMSTA-AQ-AHLA MIKE BRADLEY (586)574-7265 WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL WEAPON SYSTEM: WPN SYS: MB EMAIL: MIKE.R.BRADLEY@US.ARMY.MIL			CODE W56HZV	7. ADMINISTERED BY (If other than 6) DCMA CENTRAL PENNSYLVANIA - YORK PO BOX 15512 YORK PA 17405-1512			CODE S4201A	8. DELIVERY FOB <input checked="" type="checkbox"/> DESTINATION <input type="checkbox"/> OTHER (See Schedule if other)			
9. CONTRACTOR BAE SYSTEMS LAND & ARMAMENTS INC. 1100 BAIRS RD YORK, PA 17405-1512  NAME AND ADDRESS  TYPE BUSINESS: Large Business Performing in U.S.			CODE 06085	FACILITY	10. DELIVER TO FOB POINT BY (Date) (YYYYMMDD) SEE SCHEDULE			11. X IF BUSINESS IS <input type="checkbox"/> SMALL <input type="checkbox"/> SMALL DISADVANTAGED <input type="checkbox"/> WOMAN-OWNED			
12. DISCOUNT TERMS			13. MAIL INVOICES TO THE ADDRESS IN BLOCK See Block 15			14. SHIP TO SEE SCHEDULE			15. PAYMENT WILL BE MADE BY DFAS - COLUMBUS CENTER DFAS-CO/NORTH ENTITLEMENT OPERATION P.O. BOX 182266 COLUMBUS OH 43218-2266		
16. TYPE OF ORDER DELIVERY/ CALL PURCHASE			X	THIS DELIVERY ORDER IS ISSUED ON ANOTHER GOVERNMENT AGENCY OR IN ACCORDANCE WITH AND SUBJECT TO TERMS AND CONDITIONS OF ABOVE NUMBERED CONTRACT.  Reference your <input type="checkbox"/> Oral <input type="checkbox"/> Written Quotation _____, Dated _____. furnish the following on terms specified herein. ACCEPTANCE. THE CONTRACTOR HEREBY ACCEPTS THE OFFER REPRESENTED BY THE NUMBERED PURCHASE ORDER AS IT MAY PREVIOUSLY HAVE BEEN OR IS NOW MODIFIED, SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH, AND AGREES TO PERFORM THE SAME.							
<div style="display: flex; justify-content: space-between;"> <div>NAME OF CONTRACTOR</div> <div>SIGNATURE</div> <div>TYPED NAME AND TITLE</div> <div>DATE SIGNED (YYYYMMDD)</div> </div> <div style="margin-top: 5px;"> <input checked="" type="checkbox"/> If this box is marked, supplier must sign Acceptance and return the following number of copies:         </div>											
17. ACCOUNTING AND APPROPRIATION DATA/LOCAL USE SEE SCHEDULE											
18. ITEM NO.		19. SCHEDULE OF SUPPLIES/SERVICE			20. QUANTITY ORDERED/ACCEPTED*		21. UNIT	22. UNIT PRICE		23. AMOUNT	
		SEE SCHEDULE CONTRACT TYPE: Firm-Fixed-Price Cost-Plus-Fixed-Fee KIND OF CONTRACT: Supply Contracts and Priced Orders									
* If quantity accepted by the Government is same as quantity ordered, indicate by X. If different, enter actual quantity accepted below quantity ordered and encircle.				24. UNITED STATES OF AMERICA DENISE MIKA DENISE.MIKA@US.ARMY.MIL (586)574-7076 BY: CONTRACTING/ORDERING OFFICER				25. TOTAL \$5,725,005.00		26. DIFFERENCES	
27a. QUANTITY IN COLUMN 20 HAS BEEN <input type="checkbox"/> INSPECTED <input type="checkbox"/> RECEIVED <input type="checkbox"/> ACCEPTED, AND CONFORMS TO CONTRACT EXCEPT AS NOTED											
b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE					c. DATE (YYYYMMDD)		d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE				
e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE					28. SHIP. NO. <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		29. D.O. VOUCHER NO.		30. INITIALS		
f. TELEPHONE NUMBER		g. E-MAIL ADDRESS			31. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		32. PAID BY		33. AMOUNT VERIFIED CORRECT FOR		
36. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT.							34. CHECK NUMBER				
a. DATE (YYYYMMDD)		b. SIGNATURE AND TITLE OF CERTIFYING OFFICER					35. BILL OF LADING NO.				
37. RECEIVED AT		38. RECEIVED BY (Print)		39. DATE RECEIVED (YYYYMMDD)		40. TOTAL CONTAINERS		41. S/R ACCOUNT NUMBER		42. S/R VOUCHER NO.	

<b>CONTINUATION SHEET</b>	<b>Reference No. of Document Being Continued</b> <b>PIIN/SIIN</b> W56HZV-05-G-0005/0020 <b>MOD/AMD</b>	<b>Page</b> 2 <b>of</b> 16
<b>Name of Offeror or Contractor:</b> BAE SYSTEMS LAND & ARMAMENTS INC.		

SUPPLEMENTAL INFORMATION

UNITED STATES ARMY TANK-AUTOMOTIVE COMMAND  
WARREN, MICHIGAN 48397-5000

AMSTA-AQ-AHLA

Ms. Kathy Heihn,  
BAE Systems Land & Armaments INC.  
1100 Bairs Rd  
York, PA 17405-1512

Dear Ms Heihn:

This letter constitutes an undefinitized contract action and signifies the intention of the U.S. Army TACOM Life Cycle Management Command to execute a definitive firm fixed price delivery order under W56HZV-05-G-0005 with you for the delivery of the supplies as set forth in the undefinitized contract action, upon the terms and conditions therein stated, which is incorporated in and made a part hereof.

You are directed in accordance with the clause entitled "Execution and Commencement of Work" to proceed immediately to commence performance of the work, and to pursue such work with all diligence to the end that it may be performed within the time specified in the specified in the contract, or where no time is specified, at the earliest practicable date.

In accordance with the clause entitled "Contract Definitization", you shall submit a firm proposal for the supplies and services covered by this letter contract. Please note that, although a proposal has been submitted, additional supporting data, including auditable subcontractor proposals (or negotiated subcontractor settlements where available) will be required to enable the Government to evaluate your proposal prior to definitization negotiations. A Subcontracting Plan is also required. A Certificate of Current Cost or Pricing Data (FAR 15.406-2) shall be submitted upon agreement of contract price. The parties agree that this undefinitized contract action shall be definitized on a firm fixed price basis at a price not to exceed the price specified in the undefinitized contract action (\$11,450,010.00) for the required effort.

Reference Clause 52.215-4004 ("Cost or Pricing Data") in the Contract Clauses section in Section "I".

Please indicate your acceptance of the above by signing this letter and returning it to this office.

This letter contract is entered into pursuant to 10 U.S.C. 2304(c) (3) and any required justification and approval has been executed. If you have any questions, please contact Mike Bradley at mike.r.bradley@tacom.army.mil or telephone 586-574-7265.

Sincerely

Denise Mika  
Contracting Officer

EXECUTED AS OF THE DATE SHOWN BELOW:

\_\_\_\_\_  
  
\_\_\_\_\_

BY: \_\_\_\_\_  
(Type above, name and position of Officer executing this acceptance)

\_\_\_\_\_  
DATE

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Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	<p>SUPPLIES OR SERVICES AND PRICES/COSTS</p> <p>NSN: 2540-01-538-9060 SECURITY CLASS: Unclassified</p> <p>The ceiling price applies to a total dollar amount for all subCLINS, separate ceiling prices established per subCLIN are for accounting purposes only.</p> <p>The individual unit prices will be adjusted at the time of definitization.</p> <p>This delivery order is to procure 130 M113A3 AOA suites to support a depot level Reset program for 130 M113A3 vehicles. Each M113A3 AOA suites consists of a Mine armor kit, P/N: 4240277-1; a TAGS (Transparent Armored Gun Shield) kit, P/N: 4270330; a high hard applique kit, P/N: 4265312; and a bar armor kit, P/N: 4265713.</p> <p>(End of narrative A001)</p>				
0001AA	<p><u>MM13 ARMOR KIT - M113A3 RESET</u></p> <p>CLIN CONTRACT TYPE: Firm-Fixed-Price NOUN: MINE ARMOR KIT - M113A3 RESET PRON: 7276F02672 PRON AMD: 02 ACRN: AA AMS CD: 137010NC000</p> <p>In accordance with Section "C".</p> <p>(End of narrative B001)</p> <p>The undefinitized price is 50% of the Not to Exceed price, which represents the limitation on the Contractor expenditures and obligations as well as the Government's limitation of liability.</p> <p>(End of narrative B002)</p> <p><u>Packaging and Marking</u> PACKAGING/PACKING/SPECIFICATIONS: BEST EXPORT COMMERCIAL PKG LEVEL PRESERVATION: Commercial LEVEL PACKING: Commercial</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p>	130	EA	\$ UNDEFINITIZED	\$ 970,450.00

<p align="center"><b>CONTINUATION SHEET</b></p>	<p align="center"><b>Reference No. of Document Being Continued</b>  <b>PIIN/SIIN W56HZV-05-G-0005/0020 MOD/AMD</b></p>	<p align="right"><b>Page</b>    5 of 16</p>
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<p align="center"><b>CONTINUATION SHEET</b></p>	<p align="center"><b>Reference No. of Document Being Continued</b>  <b>PIIN/SIIN W56HZV-05-G-0005/0020 MOD/AMD</b></p>	<p align="right"><b>Page</b>    5 of 16</p>
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**Name of Offeror or Contractor:** BAE SYSTEMS LAND & ARMAMENTS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<u>Deliveries or Performance</u> DOC SUPPL REL CD MILSTRIP ADDR SIG CD MARK FOR TP CD 001 W56HZV7102D078 SW3120 M 1 PROJ CD BRK BLK PT GBB DEL REL CD QUANTITY DEL DATE 001 130 29-FEB-2008  FOB POINT: Destination  SHIP TO: (SW3120) DEF DIST DEPOT ANNISTON TRANS OFFICER 256-235-6031 7 FRANKFORD AVE BLDG 362 ANNISTON AL 36201-4199  CONTRACT/DELIVERY ORDER NUMBER W56HZV-05-G-0005/0020  MARK FOR ADDRESS INFORMATION:  DEF DIST DEPOT ANNISTON TRANS OFFICER 256-235-6031 7 FRANKFORDAVE BLDG 362 ANNISTON, AL 36201-6031  (End of narrative F001)  BR ARMOR KIT - M113 RESET  CLIN CONTRACT TYPE: Firm-Fixed-Price NOUN: BAR ARMOR KIT -M113 RESET PRON: 7276F02572 PRON AMD: 03 ACRN: AA AMS CD: 137010NC000  In accordance with Section "C".  (End of narrative B001)  The undefinitized price is 50% of the Not to Exceed price, which represents the limitation on the Contractor expenditures and obligations as well as the Government's limitation of liability.  (End of narrative B002)  Packaging and Marking PACKAGING/PACKING/SPECIFICATIONS: BEST EXPORT COMMERCIAL PKG LEVEL PRESERVATION: Commercial				
0001AB	BR ARMOR KIT - M113 RESET  CLIN CONTRACT TYPE: Firm-Fixed-Price NOUN: BAR ARMOR KIT -M113 RESET PRON: 7276F02572 PRON AMD: 03 ACRN: AA AMS CD: 137010NC000  In accordance with Section "C".  (End of narrative B001)  The undefinitized price is 50% of the Not to Exceed price, which represents the limitation on the Contractor expenditures and obligations as well as the Government's limitation of liability.  (End of narrative B002)  Packaging and Marking PACKAGING/PACKING/SPECIFICATIONS: BEST EXPORT COMMERCIAL PKG LEVEL PRESERVATION: Commercial	130	EA	\$ UNDEFINITIZED	\$ 2,021,500.00

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Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>LEVEL PACKING: Commercial</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin      ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u> DOC                                  SUPPL <u>REL CD</u>    <u>MILSTRIP</u>    <u>ADDR</u>    <u>SIG CD</u>    <u>MARK FOR</u>    <u>TP CD</u> 001 W56HZV7102D077 SW3120 M                                  1                                  <u>PROJ CD</u>    <u>BRK BLK PT</u>                                  GBB <u>DEL REL CD</u>    <u>QUANTITY</u>                                  <u>DEL DATE</u> 001                                  130                                  29-FEB-2008</p> <p>FOB POINT: Destination</p> <p>SHIP TO: (SW3120)    DEF DIST DEPOT ANNISTON                                  TRANS OFFICER 256-235-6031                                  7 FRANKFORD AVE BLDG 362                                  ANNISTON                                  AL 36201-4199</p> <p><u>CONTRACT/DELIVERY ORDER NUMBER</u> W56HZV-05-G-0005/0020</p> <p>MARK FOR ADDRESS INFORMATION:</p> <p>DEF DIST DEPOT ANNISTON TRANS OFFICER 256-235-6031 7 FRANKFORD AVE BLDG 362 ANNISTON, AL 36201-6031</p> <p>(End of narrative F001)</p>				
0001AC	<p><u>HI HARD APPL ARMOR-M113 RESET</u></p> <p>CLIN CONTRACT TYPE: Firm-Fixed-Price NOUN: HI HARD APPL ARMOR-M113 RESET PRON: 7276F02472    PRON AMD: 02    ACRN: AA AMS CD: 137010NC000</p> <p>In accordance with Section "C".</p> <p>(End of narrative B001)</p> <p>The undefinitized price is 50% of the Not to Exceed price, which represents the limitation on the Contractor expenditures and obligations as well as the Government's limitation of liability.</p> <p>(End of narrative B002)</p>	130	EA	\$ UNDEFINITIZED	\$ 1,301,950.00

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Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p><u>Packaging and Marking</u>  PACKAGING/PACKING/SPECIFICATIONS:  BEST EXPORT COMMERCIAL PKG  LEVEL PRESERVATION: Commercial  LEVEL PACKING: Commercial</p> <p><u>Inspection and Acceptance</u>  INSPECTION: Origin      ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u>  DOC                                  SUPPL  <u>REL CD</u>    <u>MILSTRIP</u>    <u>ADDR</u>    <u>SIG CD</u>    <u>MARK FOR</u>    <u>TP CD</u>  001   W56HZV7102D076   SW3120    M                                  1  <u>PROJ CD</u>    <u>BRK BLK PT</u>  GBB  <u>DEL REL CD</u>    <u>QUANTITY</u>                                  <u>DEL DATE</u>  001                                  130                                  29-FEB-2008</p> <p>FOB POINT: Destination</p> <p>SHIP TO:  (SW3120)    DEF DIST DEPOT ANNISTON  TRANS OFFICER 256-235-6031  7 FRANKFORD AVE BLDG 362  ANNISTON                                  AL 36201-4199</p> <p><u>CONTRACT/DELIVERY ORDER NUMBER</u>  W56HZV-05-G-0005/0020</p> <p>MARK FOR ADDRESS INFORMATION:</p> <p>DEF DIST DEPOT ANNISTON  TRANS OFFICER 256-235-6031  7 FRANKFORD AVE BLDG 362  ANNISTON, AL 36201-6031</p> <p>(End of narrative F001)</p>				
0001AD	<p><u>TAGS - M113 RESET</u></p> <p>CLIN CONTRACT TYPE:  Firm-Fixed-Price  NOUN: TAGS - M113 RESET  PRON: 7276F02372      PRON AMD: 03      ACRN: AA  AMS CD: 137010NC000</p> <p>In accordance with Section "C".</p> <p>(End of narrative B001)</p>	130	EA	\$ UNDEFINITEZED	\$ 1,431,105.00

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Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>The undefinitized price is 50% of the Not to Exceed price, which represents the limitation on the Contractor expenditures and obligations as well as the Government's limitation of liability.</p> <p>(End of narrative B002)</p> <p><u>Packaging and Marking</u> PACKAGING/PACKING/SPECIFICATIONS: BEST EXPORT COMMERCIAL PKG LEVEL PRESERVATION: Commercial LEVEL PACKING: Commercial</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u> DOC SUPPL REL CD MILSTRIP ADDR SIG CD MARK FOR TP CD 001 W56HZV7102D075 SW3120 M 1 PROJ CD BRK BLK PT GBB DEL REL CD QUANTITY DEL DATE 001 130 29-FEB-2008</p> <p>FOB POINT: Destination</p> <p>SHIP TO: (SW3120) DEF DIST DEPOT ANNISTON TRANS OFFICER 256-235-6031 7 FRANKFORD AVE BLDG 362 ANNISTON AL 36201-4199</p> <p><u>CONTRACT/DELIVERY ORDER NUMBER</u> W56HZV-05-G-0005/0020</p> <p>MARK FOR ADDRESS INFORMATION:  DEF DIST DEPOT ANNISTON TRANS OFFICER 256-235-6031 7 FRANKFORD AVE BLDG 362 ANNISTON, AL 36201-6031</p> <p>(End of narrative F001)</p>				



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DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

SCOPE OF WORK

- C.1 M113 FOV Transparent Armor Gun Shields (TAGS):
- C.1.1 The contractor shall provide: 130 each M113 FOV TAGS Kits, PN: 4270330; (CAGE CODE: 80212)

C.1.2 Installation Instructions: The contractor shall prepare contractor format installation instructions for the M113 FOV TAGS kits. A set of instructions shall be provided with each spares kit.

C.1.3 Performance Requirements: The kits for each system shall meet the following performance requirements as well as the Performance Specification P/N: 80212-4273290.

C.1.3.1 Environmental Conditions: The kits, when installed, shall be capable of withstanding the vehicle's operationg conditions as defined by their respective specification, to include shock and vibration.

C.1.4 Interface: The TAGS kits shall be designed so that no interferences are present when installed on their respective vehicles.
- C.2 M113 FOV High hard Appliques Armor Kits
- C.2.1 The contractor shall provide 130 each M113 FOV high hard applique armor kits, PN: 4265312; (CAGE CODE: 80212)

C.2.1.1 Installation Instructions: The contractor shall prepare contractor format installation instructions for the M113 FOV High Hard Applique Armor kits. A set of instructions shall be provided with each spares kit.

C.2.1.2 Performance Requirement: The kits shall meet the following performance requirements as well as the Performance Specification P/N: 80212-4265696.

C.2.1.2.1 Environmental Conditions: The kits, when installed, shall be capable of withstanding the vehicle's operating conditions as defined in its vehicle specification, to include shock and vibration.
- C.3 M113 FOV Mine Armor Kits:
- C.3.1 The contractor shall provide 130 each mine armor kits PN: 4240277-1 (CAGE CODE: 80212).

C.3.2 Installation Instructions: The contractor shall prepare contractor format installation instructions for all M113 FOV mine armor kits. A set of instructions shall be provided with each mine armor spares kit.
- C.4 M113 FOV Bar Armor Kits:
- C.4.1 The contractor shall provide a total of 130 M113 FOV bar armor kits, P/N: 4265713, (CAGE CODE: 80212).

C.4.2 Installation Instructions: The contractor shall prepare contractor format installation instructions for the M113 FOV Bar Armor kits. A set of instructions shall be provided with each spares kit.

C.4.3 Performance requirements: The kit shall meet the performance requirements as defined by Performance Specification P/N: 80212-4269900.
- C.5 Packaging/Kitting: Packaging and kitting shall be in accordance with best commercial practice.
- C.6 Government Source Inspection (GSI) is authorized.
- C.7 Part Marking: All kits and component parts shall be marked in accordance with Mil-Std-130.
- C.8 Delivery: BAE may attempt to accelerate the stated delivery schedule at no additional cost to the Government

\*\*\* END OF NARRATIVE C0001 \*\*\*

Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

CONTRACT ADMINISTRATION DATA

LINE	PRON/ AMS CD/ <u>ITEM</u>	OBLG <u>ACRN</u> <u>STAT</u> <u>ACCOUNTING CLASSIFICATION</u>					JOB ORDER <u>NUMBER</u>	ACCOUNTING <u>STATION</u>		OBLIGATED <u>AMOUNT</u>	
0001AA	7276F02672 137010NC000	AA	1	21	72020000076D8030P1370102577	S20113	7LIRNG	W56HZV	\$	970,450.00	
0001AB	7276F02572 137010NC000	AA	1	21	72020000076D8030P1370102577	S20113	7LIRNG	W56HZV	\$	2,021,500.00	
0001AC	7276F02472 137010NC000	AA	1	21	72020000076D8030P1370102577	S20113	7LIRNG	W56HZV	\$	1,301,950.00	
0001AD	7276F02372 137010NC000	AA	1	21	72020000076D8030P1370102577	S20113	7LIRNG	W56HZV	\$	1,431,105.00	
									TOTAL	\$	5,725,005.00
SERVICE							ACCOUNTING		OBLIGATED		
<u>NAME</u>		<u>TOTAL BY ACRN</u>		<u>ACCOUNTING CLASSIFICATION</u>			<u>STATION</u>		<u>AMOUNT</u>		
Army		AA		21	72020000076D8030P1370102577	S20113	W56HZV		\$	5,725,005.00	
									TOTAL	\$	5,725,005.00
<u>ACRN</u>		<u>EDI ACCOUNTING CLASSIFICATION</u>									
AA		21	070720200000	S20113	76D8030137010NC0002577	7LIRNGS20113	W56HZV				

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CONTRACT CLAUSES

	<u>Regulatory Cite</u>	<u>Title</u>	<u>Date</u>
1	52.216-23	EXECUTION AND COMMENCEMENT OF WORK	APR/1984

The Contractor shall indicate acceptance of this letter contract by signing three copies of the contract and returning them to the Contracting Officer not later than 20 Jul 07. Upon acceptance by both parties, the Contractor shall proceed with performance of the work, including purchase of necessary materials.

[End of Clause]

2	52.216-24	LIMITATION OF GOVERNMENT LIABILITY	APR/1984
(a) In performing this contract, the Contractor is not authorized to make expenditures or incur obligations exceeding \$5,725,005.00 dollars.			
(b) The maximum amount for which the Government shall be liable if this contract is terminated is \$5,725,005.00 dollars.			

3	52.232-16	PROGRESS PAYMENTS - ALTERNATE II	APR/2003
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The Government will make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly in amounts of \$2,500 or more approved by the Contracting Officer, under the following conditions:

(a) Computation of amounts.

(1) Unless the Contractor requests a smaller amount, the Government will compute each progress payment as 80 percent of the Contractors total costs incurred under this contract whether or not actually paid, plus financing payments to subcontractors (see paragraph (j) of this clause), less the sum of all previous progress payments made by the Government under this contract. The Contracting Officer will consider cost of money that would be allowable under FAR 31.205-10 as an incurred cost for progress payment purposes.

(2) The amount of financing and other payments for supplies and services purchased directly for the contract are limited to the amounts that have been paid by cash, check, or other forms of payment, or that are determined due will be paid to subcontractors--

(i) In accordance with the terms and conditions of a subcontract of invoice; and

(ii) Ordinarily within 30 days of the submission of the Contractors payment request to the Government.

(3) The Government will exclude accrued costs of Contractor contributions under employee pension plans until actually paid unless--

(i) The Contractors practice is to make contributions to the retirement fund quarterly or more frequently; and

(ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Contractors total costs for progress payments until paid).

(4) The Contractor shall not include the following in total costs for progress payment purposes in paragraph (a)(1) of this clause:

(i) Costs that are not reasonable, allocable to this contract, and consistent with sound and generally accepted accounting principles and practices.

(ii) Costs incurred by subcontractors or suppliers.

(iii) Costs ordinarily capitalized and subject to depreciation or amortization except for the properly depreciated or amortized portion of such costs.

(iv) Payments made or amounts payable to the subcontractors or suppliers, except for--

(A) completed work, including partial deliveries, to which the Contractor has acquired title; and

(B) Work under cost-reimbursement or time-and-material subcontracts to which the Contractor has acquired title.

(5) The amount of unliquidated progress payments may exceed neither (i) the progress payments made against incomplete work (including

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**Name of Offeror or Contractor:** BAE SYSTEMS LAND & ARMAMENTS INC.

allowable unliquidated progress payments to subcontractors) nor (ii) the value, for progress payment purposes, of the incomplete work. Incomplete work shall be considered to be the supplies and services required by this contract, for which delivery and invoicing by the Contractor and acceptance by the Government are incomplete.

- (6) The total amount of progress payments shall not exceed 80 percent of the total contract price.
- (7) If a progress payment or the unliquidated progress payments exceed the amounts permitted by subparagraphs (a)(4) or (a)(5) above, the Contractor shall repay the amount of such excess to the Government on demand.
- (8) Notwithstanding any other terms of the contract, the Contractor agrees not to request progress payments in dollar amounts of less than \$2,500. The Contracting Officer may make exceptions.

(b) Liquidation. Except as provided in the Termination for Convenience of the Government clause, all progress payments shall be liquidated by deducting from any payment under this contract, other than advance or progress payments, the unliquidated progress payments, or 80 percent of the amount invoiced, whichever is less. The Contractor shall repay to the Government any amounts required by a retroactive price reduction, after computing liquidations and payments on past invoices at the reduced prices and adjusting the unliquidated progress payments accordingly. The Government reserves the right to unilaterally change from the ordinary liquidation rate to an alternate rate when deemed appropriate for proper contract financing.

(c) Reduction or suspension. The Contracting Officer may reduce or suspend progress payments, increase the rate of liquidation, or take a combination of these actions, after finding on substantial evidence any of the following conditions:

- (1) The Contractor failed to comply with any material requirement of this contract (which includes paragraphs (f) and (g) below).
- (2) Performance of this contract is endangered by the Contractors --
  - (i) Failure to make progress; or
  - (ii) Unsatisfactory financial condition.
- (3) Inventory allocated to this contract substantially exceeds reasonable requirements.
- (4) The Contractor is delinquent in payment of the costs of performing this contract in the ordinary course of business.
- (5) The unliquidated progress payments exceed the fair value of the work accomplished on the undelivered portion of this contract.
- (6) The Contractor is realizing less profit than that reflected in the establishment of any alternate liquidation rate in paragraph (b) above, and that rate is less than the progress payment rate stated in subparagraph (a)(1) above.

(d) Title.

(1) Title to the property described in this paragraph (d) shall vest in the Government. Vestiture shall be immediately upon the date of this contract, for property acquired or produced before that date. Otherwise, vestiture shall occur when the property is or should have been allocable or properly chargeable to this contract.

(2) Property, as used in this clause, includes all of the below-described items acquired or produced by the Contractor that are or should be allocable or properly chargeable to this contract under sound and generally accepted accounting principles and practices.

- (i) Parts, materials, inventories, and work in process;
- (ii) Special tooling and special test equipment to which the Government is to acquire title under any other clause of this contract;
- (iii) Nondurable (i.e., noncapital) tools, jigs, dies, fixtures, molds, patterns, taps, gauges, test equipment, and other similar manufacturing aids, title to which would not be obtained as special tooling under subparagraph (ii) above; and
- (iv) Drawings and technical data, to the extent the Contractor or subcontractors are required to deliver them to the Government by other clauses of this contract.

(3) Although title to property is in the Government under this clause, other applicable clauses of this contract; e.g., the termination or special tooling clauses, shall determine the handling and disposition of the property.

(4) The Contractor may sell any scrap resulting from production under this contract without requesting the Contracting Officers approval, but the proceeds shall be credited against the costs of performance.

(5) To acquire for its own use or dispose of property to which title is vested in the Government under this clause, the Contractor

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must obtain the Contracting Officers advance approval of the action and the terms. The Contractor shall

- (i) exclude the allocable costs of the property from the costs of contract performance, and
  - (ii) repay to the Government any amount of unliquidated progress payments allocable to the property. Repayment may be by cash or credit memorandum.
- (6) When the Contractor completes all of the obligations under this contract, including liquidation of all progress payments, title shall vest in the Contractor for all property (or the proceeds thereof) not --
- (i) Delivered to, and accepted by, the Government under this contract; or
  - (ii) Incorporated in supplies delivered to, and accepted by, the Government under this contract and to which title is vested in the Government under this clause.
- (7) The terms of this contract concerning liability for Government-furnished property shall not apply to property to which the Government acquired title solely under this clause.
- (e) Risk of loss. Before delivery to and acceptance by the Government, the Contractor shall bear the risk of loss for property, the title to which vests in the Government under this clause, except to the extent the Government expressly assumes the risk. The Contractor shall repay the Government an amount equal to the unliquidated progress payments that are based on costs allocable to property that is damaged, lost, stolen, or destroyed.
- (f) Control of costs and property. The Contractor shall maintain an accounting system and controls adequate for the proper administration of this clause.
- (g) Reports and access to records. The Contractor shall promptly furnish reports, certificates, financial statements, and other pertinent information reasonably requested by the Contracting Officer for the administration of this clause. Also, the Contractor shall give the Government reasonable opportunity to examine and verify the Contractors books, records, and accounts.
- (h) Special terms regarding default. If this contract is terminated under the Default clause,
- (i) the Contractor shall, on demand, repay to the Government the amount of unliquidated progress payments and
  - (ii) title shall vest in the Contractor, on full liquidation of progress payments, for all property for which the Government elects not to require delivery under the Default clause. The Government shall be liable for no payment except as provided by the Default clause.
- (i) Reservations of rights.
- (1) No payment or vesting of title under this clause shall --
    - (i) Excuse the Contractor from performance of obligations under this contract; or
    - (ii) Constitute a waiver of any of the rights or remedies of the parties under the contract.
  - (2) The Governments rights and remedies under this clause --
    - (i) Shall not be exclusive but rather shall be in addition to any other rights and remedies provided by law or this contract; and
    - (ii) Shall not be affected by delayed, partial, or omitted exercise of any right, remedy, power, or privilege, nor shall such exercise or any single exercise preclude or impair any further exercise under this clause or the exercise of any other right, power, or privilege of the Government.
- (j) Financing payments to subcontractors. The financing payments to subcontractors mentioned in paragraphs (a)(1) and (a)(2) of this clause shall be all financing payments to subcontractors or divisions, if the following conditions are met:
- (1) The amounts included are limited to --
    - (i) The unliquidated remainder of financing payments made; plus
    - (ii) Any unpaid subcontractor requests for financing payments.
  - (2) The subcontract or interdivisional order is expected to involve a minimum of approximately 6 months between the beginning of work and the first delivery, or, if the subcontractor is a small business concern, 4 months.

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(3) If the financing payments are in the form or progress payments, the terms of the subcontract or interdivisional order concerning progress payments --

(i) Are substantially similar to the terms of the clause for any subcontractor that is a large business concern, or that clause with its Alternate I for any subcontractor that is a small business concern;

(ii) Are at least as favorable to the Government as the terms of this clause;

(iii) Are not more favorable to the subcontractor or division than the terms of this clause are to the Contractor;

(iv) Are in conformance with the requirements of FAR 32.504(e); and

(v) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if --

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(4) If the financing payments are in the form of performance-based payments, the terms of the subcontract or interdivisional order concerning payments--

(i) Are substantially similar to the Performance-Based Payments clause at FAR 52.232-32 and meet the criteria for, and definition of, performance-based payments in FAR Part 32;

(ii) Are in conformance with the requirements of FAR 32.504(f); and

(iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if--

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(5) If the financing payments are in the form of commercial item financing payments, the terms of the subcontract or interdivisional order concerning payments

(i) Are constructed in accordance with FAR 32.206(c) and included in a subcontract for a commercial item purchase that meets the definition and standards for acquisition of commercial items in FAR Part 2 and 12;

(ii) Are in conformance with the requirements of FAR 32.504(g); and

(iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Governments right to require delivery of the property to the Government if--

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(6) If financing is in the form of progress payments, the progress payment rate in the subcontract is the customary rate used by the contracting agency, depending on whether the subcontractor is or is not a small business concern.

(7) Concerning any proceeds received by the Government for property to which title has vested in the Government under the subcontract terms, the parties agree that the proceeds shall be applied to reducing any unliquidated financing payments by the Government to the Contractor under this contract.

(8) If no unliquidated financing payments to the Contractor remain, but there are unliquidated financing payments that the Contractor has made to any subcontractor, the Contractor shall be subrogated to all the rights the Government obtained through the terms required by this clause to be in any subcontract, as if all such rights had been assigned and transferred to the Contractor.

(9) To facilitate small business participation in subcontracting under this contract, the Contractor shall provide financing payments to small business concerns, in conformity with the standards for customary contract financing payments stated in Subpart 32.113. The Contractor shall not consider the need for such financing payments as a handicap or adverse factor in the award of subcontracts.

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(k) Limitations on undefinitized contract actions. Notwithstanding any other progress payment provisions in this contract, progress payments may not exceed 80 percent of costs incurred on work accomplished under undefinitized contract actions. A contract action is any action resulting in a contract, as defined in Subpart 2.1, including contract modifications for additional supplies or services, but not including contract modifications that are within the scope and under the terms of the contract, such as contract modifications issued pursuant to the Changes clause, or funding and other administrative changes. This limitation shall apply to the costs incurred, as computed in accordance with paragraph (a) of this clause, and shall remain in effect until the contract action is definitized. Costs incurred which are subject to this limitation shall be segregated on Contractor progress payment requests and invoices from those costs eligible for higher progress payment rates. For purposes of progress payment liquidation, as described in paragraph (b) of this clause, progress payments for undefinitized contract actions shall be liquidated at 80 percent of the amount invoiced for work performed under the undefinitized contract action as long as the contract action remains undefinitized. The amount of unliquidated progress payments for undefinitized contract actions shall not exceed 80 percent of the maximum liability of the Government under the undefinitized contract action or such lower limit specified elsewhere in the contract. Separate limits may be specified for separate actions.

(l) Due date. The designated payment office will make progress payments on the -1- day after the designated billing office receives a proper progress payment request. In the event that the Government requires an audit or other review of a specific progress payment request to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make a payment by the specified due date. Progress payments are considered contract financing and are not subject to the interest penalty provisions of the Prompt Payment Act.

(m) Progress payments under indefinitedelivery contracts. The Contractor shall account for and submit progress payment requests under individual orders as if the order constituted a separate contract, unless otherwise specified in this contract.

(n) The Contracting Officer will liquidate progress payments made under this letter contract, unless previously liquidated under paragraph (b) of this clause, using the following procedures:

(1) If this letter contract is superseded by a definitive contract, unliquidated progress payments made under this letter contract shall be liquidated by deducting the amount from the first progress or other payments made under the definitive contract.

(2) If this letter contract is not superseded by a definitive contract calling for the furnishing of all or part of the articles or services covered under the letter contract, unliquidated progress payments made under the letter contract shall be liquidated by deduction from the amount payable under the Termination clause.

(3) If this letter contract is partly terminated and partly superseded by a contract, the Government will allocate the unliquidated progress payments to the terminated and unterminated portions as the Government deems equitable, and will liquidate each portion under the relevant procedure in paragraphs (n)(1) and (n)(2) of this clause.

(4) If the method of liquidating progress payments provided in this clause does not result in full liquidation, the Contractor shall immediately pay the unliquidated balance to the Government on demand.

(o) The amount of unliquidated progress payments shall not exceed \$5,725,005.00.

(End of Clause)

4                      252.217-7027                      CONTRACT DEFINITIZATION                      OCT/1998

(a) A delivery order that is Firm Fixed Price (FFP) for Hardware is contemplated. The Contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive contract that will include (1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of the undefinitized contract action, (2) all clauses required by law on the date of execution of the definitive contract action, and (3) any other mutually agreeable clauses, terms, and conditions. The Contractor agrees to submit a FFP Hardware proposal and cost or pricing data supporting its proposal.

(b) The schedule for definitizing this contract action is as follows:

Target Date for Definitization:	7 Sep 07
Submission of Proposal:	20 Jul 07
Beginning of Negotiations:	10 Aug 07
Completion of Negotiations:	24 Aug 07
Submission of Subcontracting Plan:	31 Aug 07
Submission of Cost and Pricing Data:	31 Aug 07

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(c) If agreement on a definitive contract action to supersede this undefinitized contract action is not reached by the target date in paragraph (b) of this clause, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the head of the contracting activity, determine a reasonable price or fee in accordance with Subpart 15.4 and Part 31 of the FAR, subject to Contractor appeal as provided in the Disputes clause. In any event, the Contractor shall proceed with completion of the contract, subject only to the Limitation of Government Liability clause.

- (1) After the Contracting Officer's determination of price or fee, the contract shall be governed by-
- (i) All clauses required by the FAR on the date of execution of this undefinitized contract action for either fixed-price or cost-reimbursement contracts, as determined by the Contracting Officer under this paragraph (c);
  - (ii) All clauses required by law as of the date of the Contracting Officer's determination; and
  - (iii) Any other clauses, terms, and conditions mutually agreed upon.

(2) To the extent consistent with paragraph (c)(1) of this clause, all clauses, terms, and conditions included in this undefinitized contract action shall continue in effect, except those that by their nature apply only to an undefinitized contract action.

(d) The definitive contract resulting from this undefinitized contract action will include a negotiated FFP price in no event to exceed \$11,450,010.00.

[End of Clause]